

VZCZCXYZ0004
RR RUEHWEB

DE RUEHJA #2981/01 3070508
ZNR UUUUU ZZH
R 030508Z NOV 06
FM AMEMBASSY JAKARTA
TO RUEHC/SECSTATE WASHDC 1770
RUEAUSA/DEPT OF HHS WASHINGTON DC
RUEHBK/AMEMBASSY BANGKOK 7430

UNCLAS JAKARTA 012981

SIPDIS

SIPDIS
SENSITIVE

DEPT FOR S/OGAC/JKOLKER/NALRUTZ
DEPT ALSO PASS TO USAID/OHA/YAMASHITA/PICK/MMILLER/JWRIGHT
DEPT ALSO PASS TO HHS/WSTEIGER/MWYNNE
BANGKOK FOR USAID/RDM/A

E.O. 12958: N/A
TAGS: [SOCI](#) [KHIV](#) [TBIO](#) [EAID](#) [ID](#)
SUBJECT: POST RECOMMENDATIONS ON GLOBAL FUND PHASE 2
RENEWALS: INDONESIA HIV/AIDS COMPREHENSIVE CARE GRANT
NUMBER: IND-405-GO4-H

REF. SECSTATE 138078

¶1. (SBU) Summary. Approve Phase 2 funding, at requested level of funding, \$33,905,951, with conditions. End Summary

Indonesia's Global Fund HIV/AIDS Program Summary

¶2. (U) Indonesia received two Global Fund AIDS grants: Round 1 and Round 4, for a total of \$72.9 million. To date, absorption capacity by the Principal Recipient (PR), Ministry of Health (MOH), is low so disbursements have been low. For Round 1, only 44 percent of the total funds have been disbursed and for Round 4, only 25 percent of the total funds have been disbursed.

¶3. (U) The PR uses Global Fund monies to scale up counseling and testing (CT) services; provide antiretroviral therapy (ART); support Injecting Drug Use (IDU) programs, including methadone replacement therapy; support programs addressing men who have sex with men (MSM) and IDU in prisons; and increase HIV awareness and reduce stigma associated with HIV/AIDS.

¶4. (U) Indonesia was categorized as conditional go in Round 1, due to poor program management and performance. Additionally, Indonesia also had poor performance in quarters 1 to 3, Round 4. By the end of quarter 5, Round 4, nearly all of the Q5 prevention targets had been achieved. However, performance levels for treatment interventions were not met. By the end of Q5 the PR met, only 61 percent (23,677 people) of the CT target, and 50 percent (3,438 people) of the ART treatment target. However, preliminary results for the first nine weeks of Q6 show improvement in most treatment indicators.

Country Coordinating Mechanism (CCM)

¶5. (SBU) The CCM chaired by the Director General of Infectious Diseases Control and Environmental Health, MOH and is currently comprised of 42 members. Usually, less than 50 percent of the CCM members attend the meetings and the chairperson recuses himself due to conflict of interest. The Vice Chairperson does not attend the meetings regularly. In the past, the CCM has been weak and non functioning. This has been a major concern to USG and other donors who have made concerted efforts to strengthen the CCM. Due to recent changes in CCM representation, function and responsibilities, a few CCM members are

becoming more active and developing strong leadership among key stakeholders. The CCM is currently reviewing its structure and may revise its membership and elect a new chair person. The CCM has made an additional recommendation that an HIV/AIDS sub CCM, chaired by the Secretary of the National AIDS Commission (KPA), be

SIPDIS
established.

¶16. (SBU) We feel that strengthening of the CCM is essential and must be completed immediately for the successful implementation of phase 2 funding. Additionally, there needs to be better governance by the CCM leadership and better communication flow between the PR, CCM Secretariat and CCM members. We feel the establishment of an HIV/AIDS sub CCM will strengthen the HIV/AIDS leadership and provide better communication with all members and the PR.

USG Technical Assistance Efforts

¶17. (SBU) USG staff and 4 US based contractors, through the Capacity Project, provided extensive technical assistance to the PR and Global Fund program in the areas of program management, human resources, financial management and monitoring and evaluation. The team made recommendations to improve both the program management and performance in the above mentioned areas. This assistance has been well received and PR has started implementing the TA team's recommendations. Overall, USG was favorably impressed with the acceptance and implementation of the recommendations and we have seen positive effects from the TA efforts. However, there were some minor exceptions to the implementation and some recommendations were not implemented in a fair and transparent process. Through all of these efforts, improvements in program performance results are expected to be achieved by the end of Q7

(December 2006).

Phase 2 HIV/AIDS Application

¶18. (U) The phase 2 application was submitted on September 30, 2006 at the original approved funding level of \$33,905,951. The PR requested that unspent money from phase 1 be carried over into phase 2. CCM members were very active in the process and approval of the application, which helped to strengthen the program and ensure that it met the needs of Indonesia and followed the National HIV/AIDS Strategy.

¶19. (U) The application prioritizes expanding coverage of counseling and testing, ARV treatment (first and second level drug therapies), and expanding programs focusing on IDU. The application also proposes a second PR for funding to non-governmental organizations (NGO) and local partners.

¶110. (SBU) The current PR has not been able to effectively fund or manage NGOs and other local partners, so the CCM recommended that a second PR be selected. A sub committee of the CCM has developed selection criteria and identified a potential second PR, however we are not convinced the identified organization is able to effectively manage the NGO program and we have concerns that the selection process was not fair and transparent; only one organization was identified and asked to submit a proposal. The CCM should widely distribute a solicitation of interested organizations to identify potential organizations and develop proposal review criteria to select the organization. An option for the Board to consider is to recommend that a sub recipient for NGOs be identified rather than a second PR.

¶111. (SBU) Due to low absorptive capacity by the PR and problems with program management, the Board should not approve the request to carry over funds from Round 4, Phase 1.

Donor Coordination

¶12. USG has had close consultations with other bilateral donors, including Government of Australia, and have agreed that we need to send strong and consistent messages to the GOI and PR regarding management of GFATM funds and program implementation. We agreed that the PR needs to establish, and consistently apply, clear and transparent processes. Additionally, we are discussing sending a joint letter to the MOH stating our concerns, outlined in this cable, and requesting that they fully implement all recommendations made by the USG TA team as well as develop a system to regularly and routinely report on GFATM implementation to all CCM members.

Recommendations

¶13. (SBU) After careful consideration and consultation with Mission leadership and other bilateral donors, USG strongly believes Phase 2 funding should be approved with conditions. However, the Board should not approve the request to carry over funds from Round 4, Phase 1.

¶14. (SBU) The Board may want to consider requiring an interim management PR to manage the GFATM program, while the current PR establishes fair and transparent processes for all recruitment of staff, requests for proposals and proposal review processes; and program management, reporting and financial management systems.

¶15. (SBU) The Board should consider approving a second PR or a sub recipient to manage the NGO funding, however, the CCM should develop and document a fair and transparent system for identifying and selecting the organization.

HEFFERN